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4 **BEFORE THE INSURANCE COMMISSIONER**
5 **FOR THE STATE OF WASHINGTON**

6 In the Matter of the Application
7 regarding the Conversion and
8 Acquisition of Premera Blue Cross
9 and its Affiliates

NO. G02-45

SEVENTEENTH ORDER:
RULING ON STATUS OF FORM
A, PUBLICATION OF EXPERT
REPORTS, AND PRODUCTION
OF DOCUMENTS

10 On October 8, 2003, I held a conference to allow the parties to comment on the
11 Sixteenth Order, which set forth a plan for taking public testimony, admitting public comment
12 into the record, and making public the expert reports of the parties. There were no objections
13 raised regarding the first two items on the agenda. However, the issue of the public disclosure
14 of the expert reports did generate substantive comment from the parties, particularly as it
15 relates to the process for making expert reports public without disclosing Premera's
16 confidential business and trade secret information.

17 On October 22, 2003, I held another conference in response to a motion filed by the
18 Interveners and a separate motion filed by the OIC Staff. Both motions raised issues
19 regarding how new information and possible changes to the Form A submitted by Premera
20 after the October 15, 2003, deadline for filing amendments to its Form A should be treated.
21 The OIC Staff and the Interveners were particularly concerned because their experts are in the
22 process of reviewing the terms of the transaction in order to submit their reports in accordance
23 with the deadlines set forth in the Case Schedule. The Interveners' motion also requested the
24 disclosure of certain documents. These matters are resolved as follows:

25 **1. Treatment Of Information Received After October 15, 2003, Regarding**
26 **Premera's Proposed Transaction**

1 The deadline under the Case Schedule for Premera to file amendments to its Form A
2 was October 15, 2003. Premera did not file amendments. Therefore, the terms of the
3 proposed transaction that are the subject of review in these proceedings are those submitted by
4 Premera as of October 15, 2003. I understand from the parties' submittals and presentations
5 to me that Premera submitted additional information regarding the terms of its proposed
6 transaction to the OIC Staff after October 15, 2003. The expert reports of the OIC Staff are
7 due to me on October 27, 2003. The Staff's expert reports **may** address or refer to
8 information submitted after October 15, 2003, if it is reasonably possible to do so in the short
9 timeframe and if the Staff believes that to do so would be useful to my review.

10 **2. Process For Publication Of Expert Reports**

11 a. By close of business October 27, 2003, the Staff will provide its final expert
12 reports to the Commissioner and Premera. Premera has until 10:00 a.m. on October 30, 2003,
13 to designate protected information in accordance with the Eighth Order, at which time it will
14 provide copies of the reports so designated to the OIC Staff and the Interveners. The
15 Interveners will be entitled to copies of the reports through the discovery process as explained
16 in paragraph 3.b of this Order. By close of business on November 3, 2003, the OIC Staff and
17 the Interveners may file objections to designations made by Premera with the Special Master.
18 By close of business on November 5, 2003, Premera may respond to any filed objections. The
19 burden is on Premera to prove that its designations are proper.

20 b. By close of business November 10, 2003, Premera and the Interveners will
21 provide their expert reports to the Commissioner and all parties. The Interveners will be
22 entitled to copies of Premera's reports through the discovery process as explained in
23 paragraph 3.b of this Order. The parties have until 10:00 a.m. on November 13, 2003, to
24 designate protected information in accordance with the Eighth Order, at which time they will
25 provide copies of the reports so designated to each other. By close of business on November
26 17, 2003, any party may file objections to designations made by another party with the Special

1 Master. By close of business on November 19, 2003, parties may respond to any filed
2 objections. The burden is on the party proposing the designation to prove it is proper.

3 c. During the publication process described above, the reports will not be made
4 public until further direction of the Commissioner.

5 **3. Disclosure Of Certain Documents To The Interveners**

6 a. The Interveners have requested copies of Premera's submissions to the OIC
7 Staff in response to the OIC's draft expert reports. Premera shall provide the Interveners with
8 those documents within 24 hours of receiving a discovery request from the Interveners.
9 Premera may designate protected information in accordance with the Eighth Order.

10 b. If the Interveners submit a discovery request to Premera for the reports
11 discussed in paragraphs 2.a and 2.b of this Order, Premera shall provide the Interveners the
12 requested reports in accordance with paragraphs 2.a and 2.b of this Order.

13 c. The Interveners have requested copies of the consultant reports being prepared
14 for the Alaska Insurance Director. Those reports have not yet been provided to any of the
15 parties. Once the reports are available, the Interveners may receive copies through discovery.
16 Premera may designate protected information in accordance with the Eighth Order. The
17 designated reports will be provided to the Interveners as soon as possible after they make their
18 discovery request. If there is a dispute as to the timing of the production, the issue will be
19 heard by the Special Master on an expedited basis.

20 d. Every effort should be made by the parties to cooperate and produce
21 documents as quickly as possible. If there are issues in the future regarding the production of
22 documents, those issues should first be addressed by the Special Master.

23 **IT IS SO ORDERED**, this 23rd day of October, 2003.

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MIKE KREIDLER
INSURANCE COMMISSIONER